

ORIGINAL

OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION

Before the
STATE OF ILLINOIS
COMMERCE COMMISSION

In the matter of)

Applications of)

TRIVERGENT COMMUNICATIONS, INC. for a Certificate
of Interexchange Service Authority to Provide Resold
Interexchange Services Within the State of Illinois)

and of)

STATE COMMUNICATIONS INC. for Cancellation of Its
Service Authority)

Docket No. 00-0497

Amended APPLICATION

TriVergent Communications, Inc. ("TVCI"), a wholly-owned subsidiary of State
Communications, Inc. ("SCI,"), and SCI (together with TVCI, the "Parties"), by their attorneys,
hereby respectfully request that the Illinois Commerce Commission ("Commission") (1) grant
TVCI a Certificate of Interexchange Service Authority, pursuant to Illinois Revised Statutes
Chapter 111-2/3 Section 13-403 ("Public Utilities Act"), to transact the business of an
interexchange telecommunications reseller in the State of Illinois, and (2) cancel the existing
authority of SCI to provide local and interexchange service in Illinois as a reseller.

SCI was authorized to provide resold local and interexchange service as a reseller
in Illinois on February 3, 1999.¹ Although authorized to provide local service, SCI has to date
offered only interexchange service. The instant application seeks authority for TVCI to replace
SCI as the interexchange service provider in Illinois. Upon approval, SCI will be a holding
company and TVCI will offer interexchange service in Illinois under the same terms and

OFFICIAL FILE

I.C.C. DOCKET NO. 00-0497

Applicants Exhibit No. 1

Witness Russell

Date 8/17/00 Reporter JB

ILLINOIS
COMMERCE COMMISSION
JUL 13 10 49 AM '00
CHIEF CLERK'S OFFICE

conditions as currently offered by SCI. TVCI, however, will not offer local service. The Parties accordingly request that the Commission's February 3, 1999 order granting SCI a Certificate of Service Authority to provide resold local and interexchange services be cancelled upon commencement by TVCI of service pursuant to the approval sought in this Application.

Upon consummation of this transaction, SCI will cease to provide telecommunications services in the State of Illinois, but TVCI will provide resold interexchange services to SCI's existing customers with no change in the rates, terms or conditions of services currently in effect. TVCI will continue to be led by the same team of well-qualified SCI telecommunications managers. TVCI will also be able to rely on the financial resources of its parent company, SCI. Consequently, the proposed transaction will be transparent to SCI's Illinois customers in terms of the services they receive.

TVCI further requests that the Commission classify the services to be offered by TVCI as competitive telecommunications services and that the Commission grant TVCI waivers of several of the Commission's rules as specified below.²

In support of its Application, TVCI submits the following information:

I. The Applicant

(...continued)

¹ Docket No. 98-0678 (February 3, 1999).

² SCI has entered in to a merger agreement with Gabriel Communications, Inc. ("Gabriel") whereby SCI would merge into a subsidiary of Gabriel, Triangle Acquisition, Inc. ("Triangle") with Triangle being the surviving entity. As a result of this transaction, TVCI, the new utility entity in Illinois, will be a wholly-owned subsidiary of Triangle and indirectly of Gabriel. TVCI will continue to provide intrastate telecommunications services as the service provider in Illinois. TVCI and SCI will provide a notification to this Commission relating to the merger transaction but the instant application is not dependent on the consummation of the merger.

1. Applicant's full name is TriVergent Communications, Inc., a wholly-owned subsidiary of State Communications, Inc. Both TVCI and its parent are South Carolina corporations. A copy of TVCI's South Carolina Certificate of Incorporation is appended hereto as *Exhibit A*. TVCI's principal address is 301 North Main Street, Greenville, South Carolina, 29601. TVCI is in the process of obtaining certification to conduct business within the State of Illinois as a foreign business entity. A copy of the document qualifying TVCI conduct business as a foreign corporation will be forwarded to the Commission upon receipt as *Exhibit B*.

2. The registered agent for service of process in Illinois will be:

C T Corporation System
208 S. LaSalle Street
Chicago, IL 60604

3. TVCI's principal corporate officers and directors, all located at the same address, 301 North Main Street, Greenville, South Carolina, 29601, are:

Directors:

Clark Mizell
Shaler P. Houser
Russell W. Powell

Officers:

Charles S. Houser,	Chief Executive Officer
Russell W. Powell,	President
Hamilton E. Russell, III,	Secretary
Clark H. Mizell,	Vice President and Treasurer

Selected executive biographies of TVCI and SCI are attached at *Exhibit C*.

4. TVCI, does not yet provide service in any state. It is authorized to provide local and long distance telecommunications services in Alabama, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. TVCI, currently has no

certification applications pending with any state commission although it is simultaneously filing similar applications to replace SCI as the service provider in several additional states.

5. SCI, TVCI's parent corporation, is authorized to provide service in some states in its own name, while in others it operates or will operate through its direct, wholly-owned subsidiaries TVCI or TriVergent Communications South, Inc. ("TVC South"). SCI (or its subsidiaries) currently provides local and long distance services primarily to certain markets in the Southeast, including Florida, Georgia, South Carolina and North Carolina, and plans to expand service to other markets. In addition to the states where it is currently serving customers, SCI (or its subsidiaries) is authorized to provide telecommunications services in approximately 13 states. SCI also is authorized by the Federal Communications Commission to provide interstate and international long distance telecommunications services.

6. Upon Certification by the Commission, TVCI will register with the applicable authorities within the State, and will begin remitting taxes, including but not limited to sales, and corporate taxes, upon the provisioning of telecommunications traffic within the State.

7. TVCI has not been denied authority to provide telecommunications services in any state. Because it has not commenced service to the public, TVCI has never been under investigation, fined or cited for violation of any consumer protection law or regulation in any state or federal jurisdiction.

II. Designated Contacts

The designated contacts for this application are:

Brad E. Mutschelknaus
James J. Freeman
Eric D. Jenkins
Kelley Drye & Warren LLP
1200 19th Street, N.W., Suite 500
Washington, D.C. 20036
Telephone: (202) 955-9781

Facsimile: (202) 955-9792

8. Copies of all correspondence, notices, inquiries and orders also should be sent to the following person, who is Applicant's initial contact person for all application and regulatory issues:

Riley M. Murphy
Secretary, General Counsel
TRI/VERGENT COMMUNICATIONS, INC.
301 North Main Street
Suite 2000
Greenville, South Carolina 29601

III. Description of Network and Authority Requested

9. By this Application, TVCI seeks a Certificate of Interexchange Service Authority to operate as a reseller of intrastate interexchange telecommunications services to the public throughout the State of Illinois. TVCI does not plan to install its own switching facilities or other equipment in Illinois. Intrastate service will be provided through facilities obtained from other carriers. TVCI will obtain various types of telephone services from certificated communications common carriers for resale by TVCI to its customers in Illinois.

10. TVCI will provide conventional Inbound Long Distance Services via a spectrum of products suited to the smallest and largest users alike, including 800 Service and calling cards. Customers will dial "1" plus the area code and number for all non-operator assisted calls.

IV. Qualifications of the Applicant

A. Technical and Managerial

11. In support of its application, TVCI submits the following information to demonstrate that it has access to sufficient managerial and technological telecommunications experience and expertise, as well as financial stability adequate to ensure its continued provision of quality telecommunications services in Illinois.

12. Although it is a relatively new company, TVCI has access to the technical and financial resources of its parent, SCI, and is well qualified, managerially, technically and financially, to provide the intrastate interexchange services for which authority is requested in this application. Brief biographies of the management team, appended hereto as *Exhibit C*, demonstrate TVCI's managerial and technical competence.

13. SCI, is a resale and facilities-based, integrated communications provider, and offers business customers a bundled product package that includes high-speed Internet access, such as digital subscriber line ("DSL"), and local and long distance telecommunications service, as well as web design and web hosting. SCI currently utilizes both ATM packet switching and Class 5 circuit-switching platforms.

B. Financial

14. As demonstrated in the audited consolidated financial statements of TriVergent Corporation³ and Subsidiaries, filed with this Application under separate cover *under seal* as *Exhibit D*, TVCI has access to the necessary financial resources to provide the resold interexchange telecommunications services described in this Application, and to finance its operations in order to maintain the provision of these services. Additionally, as TVCI does not intend to construct facilities, no fundamental or substantial foundation investment will be needed to offer the proposed services.

15. To finance its operating expenses and capital expenditures, SCI already has raised \$137 million in private equity and preferred financing, \$120 million from a senior secured credit facility, and \$45 million under a credit facility with Nortel.

³ State Communications, Inc. is in the process of changing its name to TriVergent Corporation as reflected in the attached financial statements.

- 1) Customer may request and TVCI will provide an in-depth review of the disputed amount.

(The undisputed portion and subsequent bills must be paid on a timely basis or the services may be subject to disconnect.)

- 2) If there is still a disagreement about the disputed amount after the investigation and review by a manager of TVCI, the subscriber may file an appropriate complaint with the State of Illinois Commerce Commission.

VII. Initial Tariff

20. Applicant will file a final tariff for its services, in accordance with the Commission's procedures, before providing service in Illinois.

IX. Public Interest

21. Applicant is well qualified to operate as such a service provider in Illinois.

Consumers of telecommunications services in Illinois will receive the benefits of downward pressure on prices, increased choice, improved quality of service and customer responsiveness, innovative service offerings, and access to increasingly advanced-telecommunications technology. The market incentives for new and existing providers of telecommunications services will be improved through an increase in the diversity of suppliers and competition within the local exchange telecommunications market. Granting Applicant's Application will enhance this development of competition in the interexchange markets and provide the consumers of Illinois with all of the benefits described above.

X. Requested Regulatory Treatment

22. Applicant hereby agrees to abide by all applicable statutes and all applicable Orders, Rules, and regulations entered and adopted by the Commission

23. TVCI will be a nondominant reseller of interexchange telecommunications services. As such, TVCI requests that it be subject to the same regulatory treatment afforded to similarly situated nondominant interexchange resellers.

24. TVCI also seeks waiver of Part 710 which requires it to keep its books pursuant to Uniform System of Accounts ("USOA") principles. As a non-dominant IXC, TVCI is exempt from the USOA provision of Part 32 of the FCC's Rules. Therefore, having to conduct a jurisdictional allocation would be extremely burdensome. Furthermore, because TVCI does not own any facilities or equipment in Illinois, and has no plans to invest any resources in the state at this time, a jurisdictional allocation would be of little use to the Commission. Because of the burdensome requirements that would be imposed, and the lack of any useful information to be gained for the Commission through the application of this requirement to TVCI, TVCI hereby requests a waiver of the USOA requirements.

25. TVCI also seeks a waiver of Illinois Revised Statutes Chapter 111-2/3 Section 5-106 and 83 Ill. Admin. Code 250 which require public utilities to keep books, accounts, records and memoranda within the State of Illinois. Since TVCI's main offices are in Pennsylvania, and the company operates in many states, maintaining its books and accounts in Illinois would be unduly burdensome. TVCI will have a registered agent located within the state (see paragraph 2) and will provide the Commission with access to its books and records upon request.

26. Finally, TVCI seeks a waiver of 83 Ill. Admin. Code Part 735 regarding the establishment of credit, billing, deposits and termination of service. These rules were adopted primarily to protect consumers from costly and unwarranted billing practices engaged in by monopoly carriers. In today's environment, IXCs simply cannot employ such practices and

continue to be competitive. Therefore, TVCI requests that the Commission waive application of these rules.

WHEREFORE, TVCI respectfully requests that the Commission grant it a Certificate of Interexchange Service Authority, other relief requested and approve its proposed tariff as of the date of the order granting that certificate and SCI respectfully requests that its existing authority be cancelled effective upon TVCI's commencement of service.

Respectfully submitted,

TRIVERGENT COMMUNICATIONS, INC.
STATE COMMUNICATIONS, INC.

By: 

Brad E. Mutschelknaus
James J. Freeman
Eric D. Jenkins
KELLEY DRYE & WARREN LLP
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
(202) 955-9600

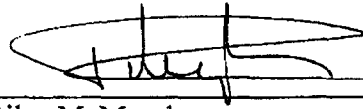
Its Attorneys

Date: July 12, 2000

VERIFICATION

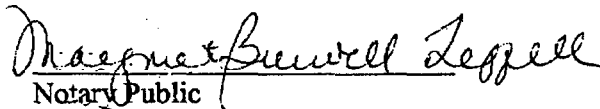
I am authorized to represent State Communications, Inc. ("SCI"), and its direct, wholly-owned subsidiary, TriVergent Communications, Inc. ("TVCI"), and to make this verification on their behalf. The statements in the foregoing document relating to SCI and TVCI, are true of my own knowledge, except as otherwise specifically attributed, and as to matters that are stated therein on information on belief, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.



Riley M. Murphy
Secretary, General Counsel
State Communications, Inc.

Subscribed and sworn to before me this 30th day of
June, 2000.


Notary Public

My Commission expires: 11/30/2004